

City of Chula Vista

2007 Annual Growth Management Review Cycle

RESIDENTIAL GROWTH FORECAST
Years 2007 Through 2011

INTRODUCTION

As a component of the City of Chula Vista's Growth Management Program, the City's Planning Division provides annual growth forecasts for two time frames: 24 months and five years. This 24-month forecast covers calendar years 2007 and 2008, and the five-year forecast extends through calendar year 2011. Providing this information enables City departments and other service agencies to assess the probable impacts that growth may have on maintaining compliance with the City's eleven growth management quality-of-life Threshold Standards. The eleven thresholds standards encompass: Fire and Emergency Medical Service, Police, Traffic, Parks and Recreation, Drainage, Libraries, Air Quality Fiscal Schools Sewer, Water. With this data, these bodies will be able to report possible threshold impacts to the Chula Vista Growth Management Oversight Commission (GMOC) as part of their annual compliance questionnaire.

Through the City's growth management review process, the GMOC will provide a set of recommendations to the City Council regarding maintenance each of the City's Threshold Standards. Those recommendations can include such actions as the addition or acceleration of capital projects, hiring personnel, changing management practices, slowing the pace of growth, or imposing a moratorium. The City Council will ultimately decide what course of action to take.

Commonly referred to as the Growth Management or GMOC forecast, it is important to note that this forecast:

- Does not represent a goal or desired growth rate;
- Does not at this time reflect or recommend a building permit cap;
- Is what may occur given a set of assumptions (presented on page 2).
- Is produced by the city and not necessarily endorsed by home builders.
- Represents a "worst-case" or more liberal estimate to assess maximum possible affects to the City's threshold standards and respond accordingly.

Preparing a five-year forecast always incorporates a fair degree of uncertainty. The current forecast period offers an even greater challenge given the downward trends in the housing market that are influenced by a variety of factors outside the City's control.

This forecast report highlights projected growth in both the eastern and western portions of the City. While the majority of the forecast remains in the east, increased in-fill and redevelopment in western Chula Vista is starting to take place and will continue in the future.

This forecast document is provided to the City Departments and outside agencies that are responsible for maintaining the thresholds.

FORECAST SUMMARY

Over the next two years (January 2007 – December 2008) it is projected that as many as 3,763 housing units may be permitted for construction in eastern Chula Vista, and about 528 housing units permitted in western Chula Vista, for a citywide total of approximately 4,291 units (See Figure 1).

In the five-year forecast period (calendar years from 2007 through 2011), eastern Chula Vista may have as many as 9,811 housing units permitted, and western Chula Vista 2,340. This combines for a citywide total of 12,151 units, with an annual average of 1,962 in the east and 468

in the west, or approximately 2,430 housing units permitted per year on average citywide (See Figure 1).

In order for the City of Chula Vista to accommodate this growth and maintain the quality of life there must be the concurrent development of public facilities and services. It is the role of the Growth Management Oversight Commission (GMOC) to assess if the established quality of life standards are being met and to make recommendations to the City Council to ensure future compliance.

The following discussions and figures describe the context, conditions and assumptions behind the forecast, and are provided to further qualify that this forecast is a fluid planning tool and not a prediction or guaranteed expectation.

CONTEXT

Background:

As was widely reported in the media, in the year 2001, the City of Chula Vista was the 7th fastest growing community of its size in the nation. As depicted on Figure 1, the year 2001 represented a peak of residential permits (3,500) rather than an average or a norm. While this forecast reflects the deceleration of construction activity not only in Chula Vista, as well as in the region, it represents a return to a more normal condition in relation to average construction activity since the 2000. Regardless, significant levels of construction are still anticipated. This is supported by the San Diego Association of Governments' (SANDAG) 2030 Regional Growth Forecast, which indicates that the South County sub-region will continue to host a substantial amount of the region's projected growth over the next 25 years. This stems from a few factors, including the following:

- The limited General Plan housing capacity among some of the region's cities
- The comparatively lower average price of housing in areas south of I-8; are
- The amount of vacant land and housing capacity within approved master planned projects in eastern Chula Vista.
- Multiple Ownership of the Otay Ranch, Development Entitlements for eastern territories, I805 @ H Street, I805 @ Telegraph Canyon Rd. and I805 @ Orange Avenue Improvements by Caltrans.

SANDAG projects that the City will add nearly 27,800 housing units and over 93,000 new residents between the years 2006 and 2030.

As shown on Table 3, historically the rate as reflected in Figure 2 housing construction in Chula Vista has fluctuated from a few hundred a year to thousands with an average of approximately 1400 over the last 26 years. In the years between 1996 and 2001 there was a steady increase from about 1000 units to a peak of over 3,500 housing units receiving building permits. A significant part of this is attributable to the onset of construction in the Otay Ranch project and other eastern Chula Vista master planned communities. Since 2001 the average annual number of units receiving permits for construction has been approximately 2,500.

FORECAST ASSUMPTIONS

The following forecast assumptions are predicated upon the following:

1. That construction of SR-125 proceeds on schedule with mid-2007 opening.
2. There are no additional building “caps” imposed on development that would restrict the number of units below what is forecasted.
3. That public policy regarding development remains otherwise unchanged.
4. That Growth Management thresholds are not exceeded.
5. That the housing market in Chula Vista does not experience further significant decline.
6. That the General Plan Update deferral area in Otay Ranch is resolved in year 2007, and that proposed housing capacities are retained.
7. That projects follow a normal project regulatory processing schedule.

FORECAST INFORMATION

East

The next two years’ growth for eastern Chula Vista is reasonably predictable based upon the overall assumptions. The various planned communities have a number of projects in the processing “pipeline” with 3,763 units potentially ready for permitting over the next two years.

It is anticipated that the next five years could produce as many as 9,811 additional housing units permitted for construction in eastern Chula Vista, for an average annual rate of approximately 1,962 units. This number is derived primarily from approved development plans, and estimated project-processing schedules for project plan reviews, subdivision maps, and building plans. (Table 1 Attachment).

Based on the General Plan Update (adopted in December, 2005) there are approximately 16,100 residential units remaining to be permitted in eastern Chula Vista estimated as of January 2006. If the 9,811 units are permitted over the five-year forecast period there will be 6,289 units remaining. Given the current rate of growth, this capacity could be built out around 2015. However, additional plan amendments could occur, with additional units added to the potential inventory of housing units, thereby extending the ultimate build-out date.

The past year has also seen increasing interest rates, a correspondent slowing of housing development within the region, and a decrease in the number of new dwelling units permitted for construction in Chula Vista. The extent to which these trends continue, to influence this forecast in a downward direction.

Figure 2 reflects the dramatic changes that have occurred between 2005 and 2006. These changes are based on a number of factors:

- Rising interest rates.
- Rising housing and construction costs.
- The ability of the public to qualify for mortgage loans.

West

Western Chula Vista has not shown significant increases in housing since the growth management program was instituted in the late 1980's. This situation is expected to change however, due to an increased interest in infill, redevelopment, and density increases through the General Plan Update adopted in December 2005, and the pending Urban Core Specific Plan (UCSP) and Bayfront Master Plan.

In the short-term, there are several projects in the approval process that constitute up to an additional 97 units that could be permitted within calendar year 2007. In addition, there are also several projects with potential in the Northwest and additional infill and accessory units that may potentially be permitted (See Figure 1).

Greater forecasting precision can be expected in coming years as the General Plan is implemented, Specific Plans such as the Urban Core Specific Plan (UCSP) are completed, the infill/redevelopment process proceeds, and new housing markets are established.

Over the next five years western Chula Vista could experience an increase of 2,068 multi-family residential units which would include the initial phases of Bayfront development commencing by the end of 2009, several other small to mid-size projects currently being processed are also reflected, including those of the current ENA projects (Third Ave. & E Street). A small addition of accessory units tracking at an average of 15 per year for 75 units, and some infill single family homes totaling about 272 units are also included in the five-year period. This provides a total of 2,340 residential units for an annual average of 468 units. (See table 2 Attached and Figure 3).

PERMITS BY YEAR

A year-to-year estimate of how many building permits will be issued has been developed for general planning purposes, but should not be relied upon for exactness. The total number of permits that will be issued over the next five years is reasonably certain, however, many variables may and will affect what the actual annual distribution will be over the next five years. Table 3 and (Figure 1) illustrate a possible growth path over the next five years.

Figure 1

Forecasted Residential Units Permitted by Area 2007 Through 2011

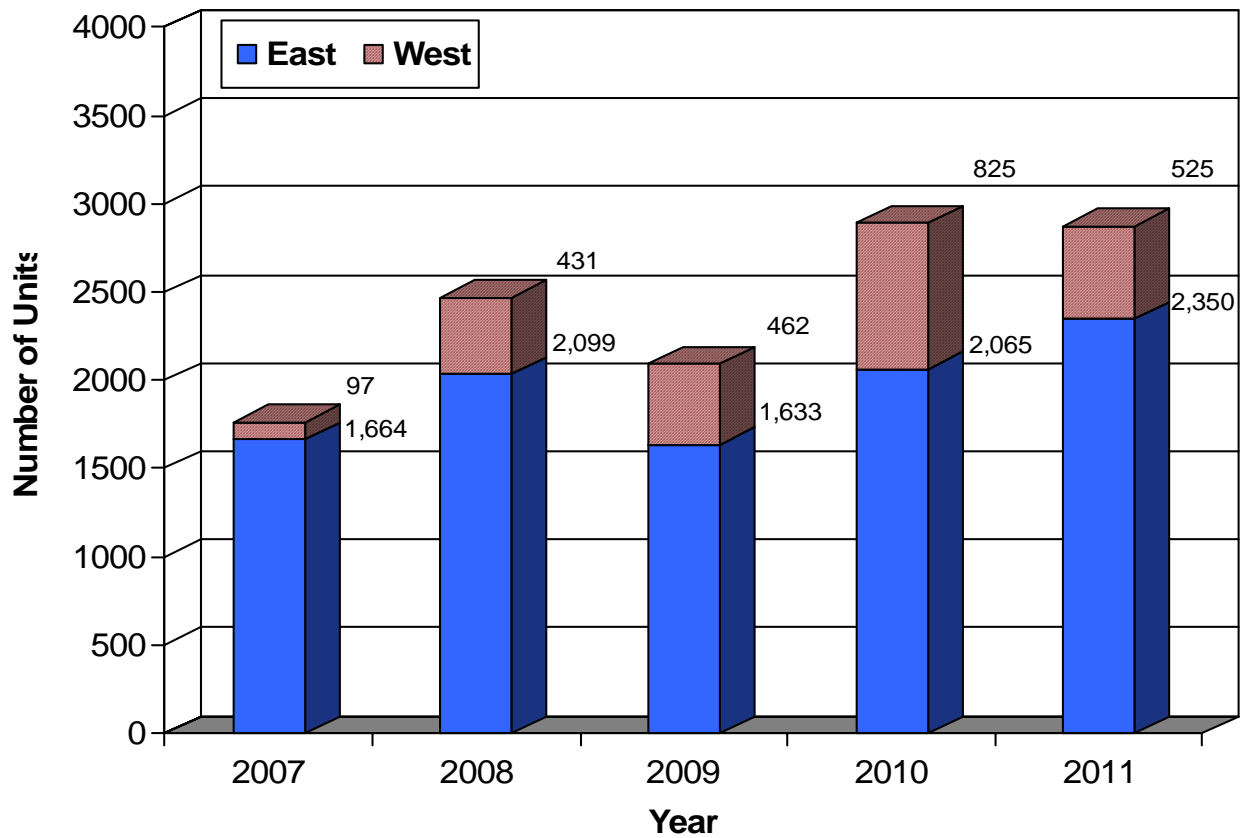
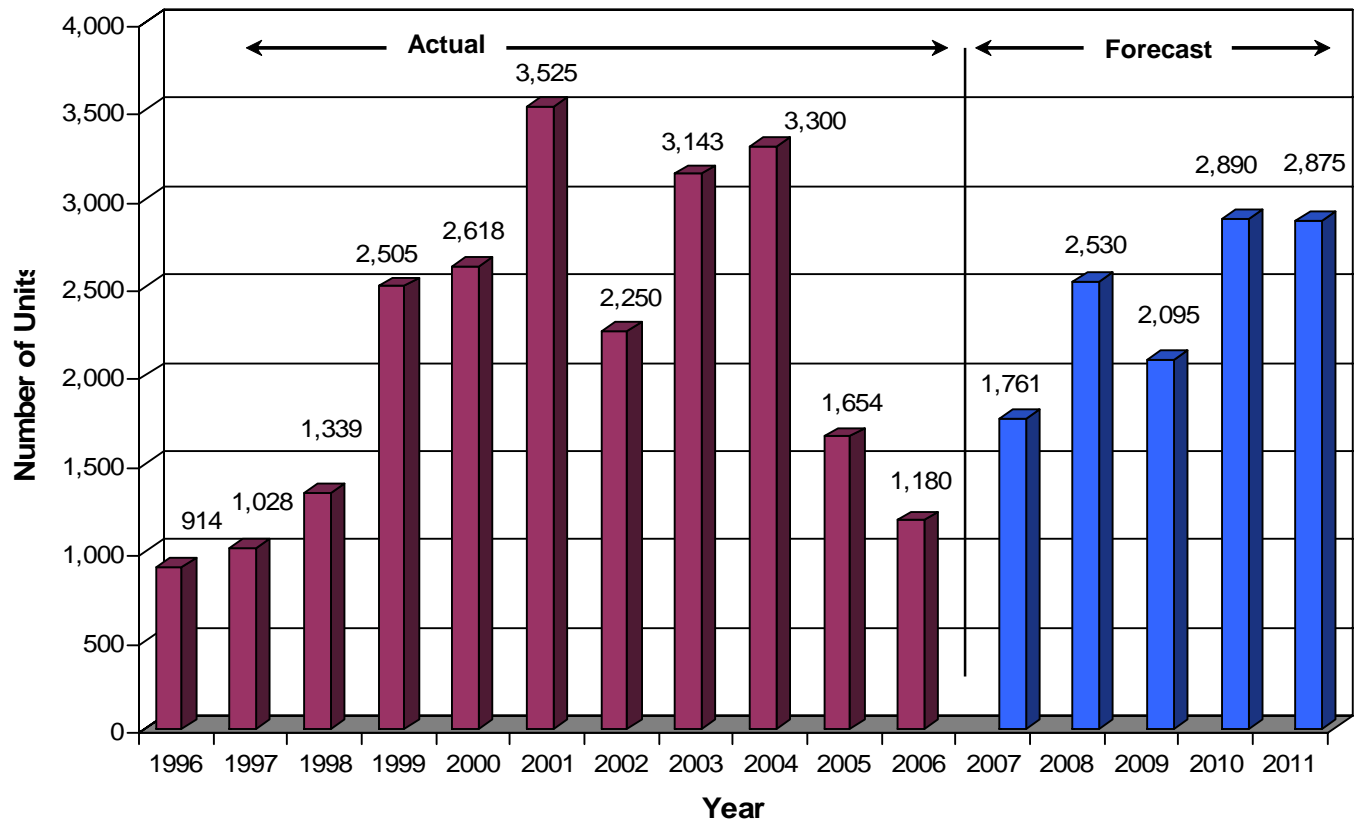


Figure 2

**Summary: Residential Units Receiving Building Permits 1996 to 2006
Actual and 2007 through 2011 Forecast**



FORECASTED POPULATION

This report focuses on the forecasted residential units as the primary indicator to measure future population increase. Western Chula Vista (as evidenced by U.S. Census data) has been undergoing growth in the form of demographic change as average household size increases. Such growth is difficult to track on a year-to-year basis and is not reflected in this report's future population forecast.

The California State Department of Finance estimates that Chula Vista has on average of 3.026 persons per household. Assuming that this factor remains valid over the next five years, and assuming a 3% vacancy rate, Chula Vista can expect a total population of approximately 263,300 persons by the end of 2011.

This is estimated as follows:

- The California State Department of Finance (DOF) estimated a Chula Vista population as 1/1/2006 is 223,423.
- That an additional 1,448 units were occupied in calendar year 2006.
- That an additional 12,151 units may be permitted between 2007 and 2011.

Note, this is only a rough estimate for planning purposes, and the vacancy rate persons per unit factors, and the number of actual units completed may vary.

Table 3 provides an overview of historic housing unit permit its levels and population growth within Chula Vista since 1980.

Table 3

HISTORIC HOUSING AND POPULATION GROWTH CITY OF CHULA VISTA 1980 – 2006

CALENDAR YEAR	Units Authorized for Construction (Issued)	Units Completed (Finaled)	Certified Year End Population (State D.O.F.) (1)		
			No.	% Change	
	No.	No.	No.		
1980	407	374	84,364		
1981	195	496	86,597	2.6%	
1982	232	129	88,023	1.6%	
1983	479	279	89,370	1.5%	
1984	1,200	521	91,166	2.0%	
1985	1,048	1,552	116,325	27.6%	(2)
1986	2,076	1,120	120,285	3.4%	
1987	1,168	2,490	124,253	3.3%	
1988	1,413	829	128,028	3.0%	
1989	1,680	1,321	134,337	4.9%	
1990	664	1,552	138,262	2.9%	
1991	747	701	141,015	2.0%	
1992	560	725	144,466	2.4%	
1993	435	462	146,525	1.4%	
1994	700	936	149,791	2.2%	
1995	833	718	153,164	2.3%	
1996	914	820	156,148	1.9%	
1997	1,028	955	162,106	3.8%	
1998	1,339	1,093	167,103	3.1%	
1999	2,505	1,715	174,319	4.3%	
2000	2,618	2,652	183,300	5.2%	
2001	3,525	3,222	190,300	3.8%	
2002	2,250	2,923	199,700	4.9%	
2003	3,143	2,697	209,133	4.7%	
2004	3,300	3,043	217,543	4.0%	
2005	1,654	2,525	223,423	2.7%	(1)
2006	1,180	1,448	227,673	1.9%	(3)
Annual Average	1,381	1,381	5,307	3.06%	(4)

(1) Reflects Department of Finance (DOF) comprehensively revised population figures for the end of the referenced year.

(2) Montgomery Annexation

(3) Population estimates assume 3% vacancy rate and assuming that there are 3.026 persons per unit. This population figure is an estimate prior to California Department of Finance (DOF) preliminary figures due by February 2007 and final estimates in May 2007.

(4) The annual average percentage is adjusted for the anomaly of the Montgomery Annexation .

Figure 3

